

**REPORT TO THE
SENATE APPROPRIATIONS COMMITTEE ON HEALTH AND
HUMAN SERVICES**

**THE HOUSE OF REPRESENTATIVES APPROPRIATIONS
SUBCOMMITTEE ON HEALTH AND HUMAN SERVICES**

**THE JOINT LEGISLATIVE OVERSIGHT COMMITTEE ON
MENTAL HEALTH, DEVELOPMENTAL DISABILITIES, AND
SUBSTANCE ABUSE SERVICES**

AND

THE FISCAL RESEARCH DIVISION

ON

SERVICES TO MULTIPLY DIAGNOSED ADULTS

Session Law 2005 -276

Senate Bill 622

Section 10.26

September 1, 2007

**NORTH CAROLINA
DEPARTMENT OF HEALTH AND HUMAN SERVICES
DIVISION OF MENTAL HEALTH, DEVELOPMENTAL DISABILITIES AND
SUBSTANCE ABUSE SERVICES**

Services to the Multiply Diagnosed Adults

September 1, 2007

The General Assembly of North Carolina, in its 2005 Session, passed legislation (Session Law 2005 – 276, Section 10.26) to establish guiding principals for the provision of services to multiply diagnosed adults. The Department of Health and Human Services (DHHS), Division of Mental Health, Developmental Disabilities and Substance Abuse Services (DMH/DD/SAS), is charged with providing services that are medically necessary by implementing a utilization review process. In addition, DHHS must implement cost-reduction strategies and must keep in mind that no state funds shall be used for the purchase of single-family or other residential dwellings to house multiply-diagnosed adults. This report demonstrates the implementation of this section.

Section 10.26. (a)

(1) Implement the following guiding principles for the provision of services:

a. Service delivery system must be outcome-oriented and evaluation-based.

Since the implementation of legislation in 2001, the guiding principles have included the following: “Treatment, services and supports to individuals and their families shall be appropriate to needs, accessible and timely, consumer-driven, *outcome oriented [emphasis added]*, culturally and age appropriate, built on individual strengths, cost effective and reflect best practices.” To this end, the service delivery system is based upon person-centered plans that include individual outcomes and strategies, and that are evaluated on an ongoing basis by staff of the LMEs/Area Authorities to assure progress is being made toward those outcomes by each individual.

The Quality Management Team of the Division of Mental Health, Developmental Disabilities, and Substance Abuse Services manages outcome processes at an aggregate level. Outcomes are integrated for the entire developmental disabilities system, including individuals who have multiple diagnoses. The primary vehicle for outcomes for this population is the National Core Indicators. These indicators examine the service delivery system by gathering input from consumers and families, as well as various data sources from state and local entities. The Consumer Survey measures whether individuals are satisfied with the services they receive, whether they make decisions about their lives, whether they are respected and other indicators of quality of life. While the information collected is inclusive of the entire population of individuals with developmental disabilities, results can be separated by diagnosis, so that the Division can ensure that the population with multiple diagnoses is achieving appropriate outcomes and continue to have quality of life.

- b. Services should be delivered as close as possible to the consumer's home.***

Another of the system's guiding principles is that: "Services should be provided in the most integrated community setting suitable to the needs and preferences of the individual and planned in partnership with the individual and/or family." Person-Centered Planning Guidelines reinforce this by stating "Person-centered planning processes create community connections. They encourage the use of natural and community supports to assist in ending isolation, disconnection and disenfranchisement by engaging the individual/family in the community, as they choose."

- c. Services selected should be those that are most efficient in terms of cost and effectiveness.***

The system's guiding principles also address cost efficient and effective services. "Services shall meet measurable stands of safety, quality, and clinical effectiveness at all levels of the mental health, developmental disabilities and substance abuse system and shall demonstrate a dedication to excellence through adoption of a program for continuous quality assurance." All components of the mental health, developmental disability and substance abuse system will operate efficiently.

Utilization Management for all Enhanced Benefit Services guards against under-utilization or over utilization of services to assure that the frequency and type of service fit the need of the consumer.

- d. Services should not be provided solely for the convenience of the provider or the client.***

The policy of the Division is that all service plans are to be delivered utilizing a person-centered planning method. Person-centered planning includes the consumer as well as others who are involved in the consumer's life. During the person-centered planning process, all resources, including the consumer's personal resources, family members and generic community resources are pursued to meet the consumer's needs before utilizing funding from the specialty mhddsas system. Because it is an approach that involves a number of people who are involved in the consumer's life, there is a balanced approach to discussion regarding services that are needed. This philosophy of individualized services can be seen in the billing of services for these individuals.

- e. Families and consumers should be involved in decision making throughout treatment planning and delivery.*

Consumers and families are involved in all aspects of decision-making regarding treatment planning and delivery of services and supports. This is an underpinning of the person-centered planning approach that has been adopted by the Division.

- (2) Provide those treatment services that are medically necessary.*

All of the Division's services regardless of funding are delivered based on medical necessity and/or clinical appropriateness. The person-centered planning process, including assessment information, provides the data to show medical necessity for the service.

- (3) Implement utilization review of services provided.*

Utilization management is part of the system's overall strategy for managing service use by individuals. This function includes eligibility determination, assuring medical necessity, person-centered plan authorization and utilization review. With regard to service planning, the function assures implementation of the plan as authorized/approved through the review of documentation and billing/reporting data. ValueOptions performs Utilization Review responsibility for all Medicaid Services. The Local Management Entity (LME) performs these duties for State Services

SECTION 10.26. (b) The Department of Health and Human Services shall implement all of the following cost-reduction strategies:

- (1) Preauthorization for all services except emergency services.*

Authorization is required prior to service delivery by ValueOptions for consumers eligible for Medicaid or by the LME for state funded services. The only exception to this is for the clinical home providers of Targeted Case Management or Community Support for Children/Adolescents or for Adults. In this exception, a person is entitled to a maximum of eight (8) hours of unmanaged care for Medicaid only if they are new to the MH/DD/SA services system.

- (2) Criteria for determining medical necessity.*

Criteria for medical necessity/clinical appropriateness are established by the Division in conjunction with the Division of Medical Assistance and are required to be established for all services.

(3) *Clinically appropriate services.*

One of the State Plan guiding principles states “Services shall meet measurable standards of safety, quality and clinical effectiveness at all levels of the mental health, developmental disabilities and substance abuse system and shall demonstrate a dedication to excellence through adoption of a program for continuous quality improvement.” The Division of MH/DD/SAS has addressed best practices in the State Plan 2005 for all of the populations that it serves.

The Division of MH/DD/SAS has developed a Best Practice Committee for each disability area. These committees will assist the Division with the acquisition of new knowledge about evidence-based practices, as well as emerging best practices.

SECTION 10.26. (c) No State funds shall be used for the purchase of single-family or other residential dwellings to house multiply diagnosed adults.

The Division does not allow the purchase of dwellings to house adults with multiple diagnoses and no purchases have been made. Service dollars are predominantly used for direct care services that are billed through the Integrated Payment and Reporting System. For allocations that are not reimbursed on a unit cost basis through the Integrated Payment and Reporting System, allocations are made to LMEs for specific purposes. However, as specified in Session Law 2005-276, Section 10.26 (c), no funds are allocated to LMEs for the purchase of single family homes or other residential dwellings to house multiply diagnosed adults.